

THE ROLE OF FINANCIAL TECHNOLOGY (FINTECH) IN MANAGING UMKM FINANCE IN NORTH BENGKULU DISTRICT

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Abstract

This study examines the role of financial technology (fintech) in improving financial literacy among Micro, Small, and Medium Enterprises (MSMEs) in North Bengkulu Regency. Along with the development of technology and people's need for more efficient financial services, fintech has emerged as a solution to facilitate financial transactions. However, the community's low understanding of fintech can lead to financial risks, especially for MSME groups that tend to be consumptive. The research involved socialization and education on the use of fintech, with a focus on its positive impact and how to use it wisely. The methods used included surveys, presentations, and interactive discussions with participants. The results of the activity showed an increase in participants' knowledge of fintech and its potential utilization to improve financial transactions. This activity is expected to encourage local economic growth and increase public awareness of the importance of financial literacy in the digital era. Therefore, continuous education and support are needed to ensure that people can optimally utilize fintech.

Keywords: Financial Technology, MSMEs, Financial Literacy

Abstrak

Penelitian ini mengkaji peran financial technology (fintech) dalam meningkatkan literasi keuangan di kalangan pelaku Usaha Mikro, Kecil, dan Menengah (UMKM) di Kabupaten Bengkulu Utara. Seiring dengan perkembangan teknologi dan kebutuhan masyarakat akan layanan keuangan yang lebih efisien, fintech muncul sebagai solusi untuk memfasilitasi transaksi keuangan. Namun, rendahnya pemahaman masyarakat terhadap fintech dapat menyebabkan risiko finansial, terutama bagi kelompok UMKM yang cenderung konsumtif. Penelitian ini melibatkan sosialisasi dan edukasi mengenai penggunaan fintech, dengan fokus pada dampak positif dan cara bijak dalam memanfaatkannya. Metode yang digunakan meliputi survei, presentasi, dan diskusi interaktif dengan peserta. Hasil kegiatan menunjukkan peningkatan pengetahuan peserta mengenai fintech dan potensi pemanfaatannya untuk meningkatkan transaksi keuangan. Kegiatan ini diharapkan dapat mendorong pertumbuhan ekonomi lokal dan meningkatkan kesadaran masyarakat akan pentingnya literasi keuangan dalam era digital. Oleh karena itu, edukasi dan dukungan berkelanjutan diperlukan untuk memastikan masyarakat dapat memanfaatkan fintech secara optimal.

Kata kunci: Financial Technology, UMKM, Literasi Keuangan

Introduction

Fintech stands for *financial technology*. Based on the National Digital Research Center (NDRC), it is defined as a term that can be used to refer to innovation in the field of financial or financial services. The innovation in question is financial innovation that is given a touch of modern

technology. Simply put, *fintech* is a type of company in the field of financial services that is combined with technology (Subagiyo, 2021). It can also be interpreted as a segment in the startup world that helps to maximize the use of technology to sharpen, change, and accelerate various aspects of financial services. So, starting from payment methods, fund transfers, loans, and fund collection, to asset management can be done quickly and concisely thanks to the use of modern technology. So it is not surprising that *financial technology* becomes a necessity that can change a person's lifestyle, especially those who are familiar with or engaged in finance and technology.

The era of the Industrial Revolution 4.0 is a challenge for a country to change conventional business models into a technological system. The use of innovative technology in the financial *sector* requires conventional business models to immediately change towards moderation. FinTech emerged along with changes in people's lifestyles dominated by information technology users to become a link between the financial sector and users or the general public. Indonesia is a large market for FinTech in line with the increasing majority of internet technology users for business transactions. According to Lestari dkk., (2022), the number of Fintechs in Indonesia until November 2016, was recorded at more than 135 companies. FinTech is a company that provides technology to facilitate financial services (startups) independently outside of conventional financial institutions. FinTech has the potential to be one of the solutions to overcome financial transaction problems for people who live far from the city center.

In addition, if you look at the results of McKinsey research in 2016, the number of people who make *online* transactions is 7.4 million people with a total transaction value of Rp 48 trillion. Meanwhile, in 2017, the figure rose to 11 million people with a total transaction value of Rp 68 trillion. Then in 2018, it is predicted that the total value of *online* transactions will increase and reach Rp 95.48 trillion. This can encourage digital growth in Indonesia, therefore counseling and encouragement are given so that the public understands the benefits and advantages of using *financial technology*. The problem of Fintech that is developing today among the public is that the lack of public understanding of *financial technology* can have a bad impact on family finances. In Indonesia, many people have become "victims" of *Financial Technology* (Susilowati, 2020). According to the National Strategy for Inclusive Finance (2016), it is proven that 75% of people can access formal financial services in 2019. Meanwhile, in 2016 the financial inclusion rate has been able to reach 67.82% The increase in the financial inclusion level of the Indonesian population is good and is not accompanied by a significant increase in the level of financial literacy. Likewise, there is fintech, where people use payment-based Fintech services with a percentage of 38% followed by loan services at 31% (Rasyid, 2023).

Meanwhile, according to OJK (2017), the increasing use of Fintech is one of the drivers to increase national financial inclusion. Where, the Indonesian people who have internet penetration according to the APJII survey (2016) reached 51.8%, namely 132.7 million people in Indonesia. So, this digital and internet-based financial service will make it very easy to reach people in various circles and areas of residence (Raharjo dkk., 2022). Therefore, fintech is a digital service in implementing finance. According to Bank Indonesia, 64% of Indonesia's population is *unbanked*, preferring more flexible financial services. Currently, society is very dependent on the use of technology, this is what triggers the development of financial technology (*Fintech*) to support various financial services in Indonesia. The use of innovative technology in finance is a challenge for many traditional business models. Currently, it is estimated that there are more than 140 *start-up companies* and it is predicted that they will continue to grow in line with the largely untapped market potential with the services offered increasingly diverse, ranging from payments, financing/loans, investment in the capital market to insurance packaged more attractively with *a touch of Fintech*, (Pandak & Nugroho, 2023).

Sugiyanto & Kartolo, (2024) explain that public awareness of the importance of *financial technology* in finance, especially among MSME actors, is still low or minimal. Especially in MSME groups in North Bengkulu Regency which tend to be consumptive and do not have good financial management. This is evident when conducting FGD and pre-service surveys, that there are some of them who often make loans in cooperatives and even *online* loans to cover this increasingly difficult financial need. Some have been fooled by *online* loans offered through *smartphones*. MSME groups in North Bengkulu Regency have so many kinds of businesses to provide added value to increase income. However, until now the production and sales have not been able to boost the economic improvement of the community. Especially during the pandemic yesterday, they tended to run out of capital or did not make a profit from their sales. In the end, the production is consumed by itself. To cover these losses, they often borrow funds from third parties such as cooperatives. However, cooperatives also cannot provide capital assistance as desired. So, some of them take loans online.

Unfortunately, the *online* loans they make do not use regulations from the OJK and Bank Indonesia. For example, on *online* loans on the Internet, sometimes they are pressed with needs, so they do not think of the consequences and obligations that must be met. Besides that, they also do not understand how to use smart technology in promoting their business. Therefore, from an early age, they are given an understanding and knowledge of *financial technology* in its application to family finance or family and business financial literacy. To overcome the above problems, it needs to be

reviewed by conducting socialization to provide understanding and knowledge about *fintech* in family finance and of course business. The Doctoral Study Program in Management, Faculty of Economics and Business, University of Bengkulu held community service for MSME Groups in North Bengkulu Regency by providing socialization on the use of *Financial Technology*. This socialization is expected to provide understanding and knowledge to the public, especially MSME Groups related to *Financial Technology* and how the impact of *financial technology* if used wisely.

The target of this activity is the community, MSMEs, and housewives in Bengkulu Regency. This activity is expected to be a means to fulfill their financial services. The formulation of the problem from the identified problems then can be formulated that the problem to be solved in community service is how to empower the community of MSME actors in North Bengkulu Regency to be able to create creativity and business/business innovation by utilizing *financial technology*. Based on the identification of these problems, the following problems can be formulated: a. Knowledge of *Financial Technology*, b. The impact of the use of *Financial Technology*, c. A wise way to use *Financial Technology*.

Research Method

The methods used in this community service began with surveying to identify the environmental conditions in detail, particularly to determine whether members of the community already had businesses and whether they had adopted Financial Technology (Fintech) in their operations. Following this, the team planned a suitable location to hold financial technology education activities. The next step involved inviting community members to participate in the training, with a maximum of 20 participants to ensure effective interaction and engagement (Juniatmoko, 2019).

During the implementation of the activity, participants were provided with insight, knowledge, and motivation to become entrepreneurs. For those who were already running businesses, the focus was on enhancing their ability to manage their ventures more effectively through the use of financial technology. The delivery of the material was carried out using a presentation method that emphasized clarity and simplicity, ensuring the information was conveyed in a concise yet easily understandable manner. To support the learning process, multimedia visualization was used to illustrate relevant examples, especially those related to online loans through fintech platforms. The program also included an evaluation and monitoring component to assess the activeness and engagement of participants throughout the activity. Additionally, a question-and-answer session was incorporated as an essential part of the process, providing participants the opportunity to clarify concepts and engage more deeply with the theoretical aspects of the material presented.

Result and Discussion

Community service activities are activities of the Tri Dharma of Higher Education carried out by all Lecturers of the Department of Management, Faculty of Economics and Business, University of Bengkulu. This time Community Service involved the MSME Group of North Bengkulu Regency. Based on the activity schedule, community service lasts for 4 months, starting from the preparation of proposals to the final report of community service. The results of the activities that have been carried out by the implementation team are as follows:

- a. Joint socialization between the service implementation team and Partners (North Bengkulu Regency Government).
- b. The implementation team together with the sponsorship party prepares the needs for the implementation of community service activities.
- c. Conducting counseling in the form of *financial technology (fintech)* education activities carried out with the North Bengkulu Regency MSME Group.
- d. Presented material with the theme of socialization of the use of *financial technology (fintech)* to the MSME Group of North Bengkulu Regency.
- e. Conducting discussions and questions and answers with the North Bengkulu Regency MSME Group.
- f. Capturing the aspirations of members of the North Bengkulu Regency MSME Group regarding the evaluation of the activities carried out.
- g. The MSME group of North Bengkulu Regency hopes for sustainable activities in the following years and to make their area a fostered location.
- h. Identify follow-up activities in the following year.

The community service activities carried out by the team have been carried out well and received a positive response from the participants/members of the North Bengkulu Regency MSME Group who were present. As one of the manifestations of the Tri Dharma of Higher Education, this activity contributes thoughts and ideas in the form of *transfer of knowledge* to people who still do not know and even only know the use of *financial technology (fintech)* services. This is reflected in the presence of participants who follow well from the beginning to the end of the event. In addition, they enthusiastically ask questions and participate in discussion forums.

The transfer of knowledge began with a discussion of the industrial revolution 4.0 which has currently had an impact on financial services. Nowadays, technology is increasingly advanced and customer needs are a priority, especially in terms of fast and satisfactory service. The use of various applications on *smartphones* or *gadgets* has become a trend in meeting their needs. Companies that

do not utilize technology in the management of their companies will definitely be abandoned by their customers. In this material, examples of online loan cases are also presented which is one of *the fintech* products so that people can be wise in using *fintech* and can be more careful in using online loans, in addition to online loans, examples of *e-commerce* are also explained so that housewives in Pamegarsari Village who are the majority of them are *home* entrepreneurs. The industry can develop its business through *digital marketing*. Currently, regions or community groups such as the North Bengkulu Regency MSME Group, urgently need socialization or education about this easy and flexible financial service that is no longer convoluted and requires a long process. As we know internet users in Indonesia have expanded to the regions, thus affecting the potential use of financial service applications. Education about *Fintech* to the MSME Group of North Bengkulu Regency is needed to increase knowledge about the benefits of using financial services that have used technology to facilitate financial transactions. In addition, the participants who attended were on average able to use the Internet.

In connection with the need for financial services that demand modern technology that can save costs and time, it is appropriate for the local government, related institutions, and even universities to provide support for community groups to further improve their understanding of *Fintech*. The success of the community in utilizing financial services will certainly encourage the improvement of the community's economy, regional economy, and even the Indonesian economy. For this reason, it is necessary to carry out education like this regularly. In general, this activity has given the following results:

- a. Education about *financial technology (fintech)* to participants of the North Bengkulu Regency MSME Group.
- b. Motivate other communities to increase public knowledge and understanding of contemporary-based financial services (Liliana dkk., 2021).

Supporting Factors

The supporting factor of this activity is a positive attitude of wanting to gain additional knowledge and a high awareness of technological literacy. This is reflected in the enthusiasm of the participants to participate in this activity from the beginning to the end of the event. In the question and answer session and discussion, participants also participated and played an active role in the session. In addition, signals and the internet are also sufficient for people to download several *Fintech* services so that they can be tried and applied.

Inhibiting Factors

The inhibiting factors in this activity are primarily rooted in environmental conditions, including a low level of education and limited economic capacity within the community. These factors significantly impact the ability of individuals to absorb new knowledge and implement it effectively in their daily lives or entrepreneurial efforts. Many community members have not had the opportunity to receive formal or informal financial education, which limits their awareness of the potential benefits and uses of financial technology (Fintech) (Rahmawati dkk., 2023). This lack of awareness often leads to a passive attitude toward change and innovation. Without sufficient encouragement or guidance, individuals tend to remain in their current state, showing little to no progress. They may continue using traditional methods in managing personal or business finances, missing out on opportunities offered by more modern, efficient tools and platforms (Haris dkk., 2020).

The low level of education also affects the participants' ability to understand and apply the knowledge shared during the training. For example, some participants may find it difficult to grasp abstract concepts related to digital financial services, such as e-wallets, online loans, or peer-to-peer lending, especially if they have never used or even heard of these platforms before. This can create a barrier to learning that requires more than just explanation; it requires patient mentoring and practical demonstrations that relate directly to their everyday experiences (Rahayu dkk., 2023). Furthermore, economic limitations prevent many individuals from accessing the necessary tools to take advantage of Fintech solutions. For instance, owning a smartphone or having a stable internet connection both of which are essential for accessing digital financial services is still considered a luxury in certain areas. This digital divide hinders their ability to explore and adopt Fintech, no matter how motivated or interested they may be. Additionally, even when access is possible, the cost associated with digital transactions, internet data packages, or service fees may deter them from making consistent use of these platforms.

Another significant inhibiting factor is the mindset of the community. A culture of skepticism toward new technologies, especially those involving money, persists among certain segments. Many are fearful of scams or fraudulent activities, particularly with the rise of illegal online loan providers and financial fraud. This fear is understandable, given the real risks that exist, but it can also lead to excessive caution and resistance to beneficial innovations. Overcoming this fear requires trust-building efforts, such as providing clear, transparent information and showcasing success stories from within the community. In addition to the factors mentioned, a lack of proper mentoring or assistance

often leaves individuals feeling uncertain or overwhelmed. Without companions or facilitators who can guide them step by step in applying what they learn, there is a tendency to fall back into old habits. Even those who are enthusiastic during training sessions may find it difficult to maintain that momentum once they are back in their usual routines. This is where the role of a consistent and supportive companion or mentor becomes crucial in community service programs. Mentors can not only provide clarification when needed but also serve as motivators who encourage participants to take real steps toward change.

Another challenge that emerged during the activity was the varied levels of digital literacy among the participants. Some were relatively familiar with smartphones and basic apps, while others had almost no experience navigating digital platforms. This discrepancy required the facilitators to adjust their teaching methods dynamically, often simplifying explanations, using more visuals, or repeating key points several times. It also slowed down the overall pace of the session, which sometimes made it difficult to cover all the planned material within the allocated time. Moreover, logistical issues played a role in limiting the effectiveness of the activity. For example, some participants faced difficulties in attending the sessions consistently due to their work obligations, transportation issues, or family responsibilities. This irregular attendance disrupted the flow of the training and made it challenging to ensure that all participants received the same level of exposure to the material. Some even had to leave sessions early, missing key parts of the learning process. This situation highlighted the need for more flexible training formats in the future, such as modular content delivery, online follow-ups, or weekend sessions.

Despite these challenges, the community service program remained committed to its goals by adopting several adaptive strategies. The facilitators took the time to build rapport with participants, ensuring that they felt comfortable asking questions and expressing their concerns. The language used during presentations was tailored to match the local dialect and cultural context, which helped bridge the gap between unfamiliar technical terms and everyday understanding. Additionally, the use of real-life examples such as showing how a local vendor could benefit from using a digital payment system proved to be effective in making abstract concepts more relatable. To enhance the retention and application of knowledge, facilitators also provided printed materials that participants could take home. These materials were designed with simple language and visual aids, making them accessible even to those with limited literacy. In some cases, follow-up visits were conducted to monitor progress and offer further assistance. These small but meaningful interventions helped reinforce the training outcomes and encouraged a few participants to start exploring Fintech tools in their small-scale businesses.

Looking forward, the experience gained from this community service activity provides valuable insights for improving future programs. Addressing environmental and educational barriers requires a multifaceted approach. Education must be coupled with empowerment meaning that communities not only need to be informed but also enabled with the tools, support, and confidence to implement new practices. Collaboration with local leaders, schools, and government bodies could help create a more sustainable impact by integrating financial literacy and digital skills into broader community development initiatives. Additionally, introducing peer-learning groups or local “Fintech ambassadors” from within the community could be a promising step. These individuals, once trained, could serve as ongoing resources for their neighbors, offering informal guidance and sharing experiences. Their presence could help sustain the momentum built during the initial training, making the learning process feel less isolated and more communal.

Conclusion

From this community service activity, several important conclusions can be drawn. One of the most significant outcomes is the improvement in the knowledge and understanding of financial technology (Fintech) among participants, particularly those who are members of the MSME group in the North Bengkulu Regency. Through the training and interactive sessions provided, participants became more familiar with various types of Fintech services, such as digital payments, online lending platforms, and e-wallets. This increased awareness is expected to have a positive impact on how they manage their personal and business finances, opening new opportunities to enhance their financial practices.

Fintech has proven to be one of the strategic instruments to stimulate economic growth, especially at the community level. By promoting easier, faster, and more transparent financial transactions, Fintech enables micro and small businesses to expand their market reach, improve transaction efficiency, and gain access to broader financial services that were previously difficult to obtain through traditional systems. In the context of the rapidly evolving technological landscape of the Industrial Revolution 4.0, the adoption of Fintech is not merely an option but a necessity. Communities, especially organized groups such as MSMEs, must be willing and able to adapt to this technological shift to remain relevant and competitive. The results of this activity show that with the right approach one that is inclusive, easy to understand, and contextualized to the local environment communities can be empowered to embrace Fintech as part of their daily financial behavior. The use of financial technology is no longer limited to urban or technologically advanced areas; it has become a growing trend that must be followed by all segments of society to support inclusive economic development.

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